

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 841

Short Title: Additional Budget Funds.

(Public)

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Sponsors: Senators Basnight, Plyler; Ballance, Barnes, Block, Conder, Cooper, Goldston, Hunt, Hyde, Johnson, Kaplan, Lee, Martin of Pitt, Martin of Guilford, Marvin, Murphy, Odom, Parnell, Perdue, Plexico, Raynor, Richardson, Royall, Sands, Seymour, Sherron, Soles, Speed, Staton, Tally, Walker, Ward, Warren, and Winner.

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Referred to: Appropriations.

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April 29, 1991

A BILL TO BE ENTITLED

1 AN ACT TO MAKE OTHER BUDGET APPROPRIATIONS FROM THE GENERAL  
2 FUND FOR CURRENT OPERATIONS.

3 The General Assembly of North Carolina enacts:

4 Section 1. There is appropriated from the General Fund to the Office of State  
5 Budget and Management the sum of \$100,000,000 for the 1991-92 fiscal year and the  
6 sum of \$100,000,000 for the 1992-93 fiscal year to establish a Special Reserve Fund for  
7 the Comprehensive Major Medical plan for Teachers and State Employees.

8 Sec. 2. (a) There is created in the Office of State Budget and Management a  
9 special reserve to be known as the Local Government Reimbursement and Tax Sharing  
10 Reserve. Funds in the reserve shall be distributed to local governments as provided by  
11 statute. There is appropriated from the General Fund to the Local Government  
12 Reimbursement and Tax Sharing Reserve the sum of \$474,606,174 for the 1991-92  
13 fiscal year and the sum of \$474,606,174 for the 1992-93 fiscal year to be distributed as  
14 provided in G.S. 105-113.82, 105-116(d), 105-120(c), 105-164.44C, 105-213, 105-  
15 213.1, 105-275.1, 105-277A, and 105-277.1A.

16 (b) G.S. 105-113.82 reads as rewritten:

17 **"§ 105-113.82. Appropriation of amount equal to part of beer and wine taxes.**

18 (a) Amount, Method. – An amount equal to the following percentages of the net  
19 amount of excise taxes collected, during the period that ~~begins the preceding October 1~~  
20 ~~and ends September 30, began October 1, 1989, and ended September 30, 1990,~~ on the  
21

1 sale of malt beverages and wine, less the amount of the net proceeds credited to the  
2 Department of Agriculture under G.S 105-113.81A, is annually appropriated from the  
3 General Fund to the counties and cities in which the retail sale of these beverages is  
4 authorized:

- 5 (1) Of the tax on malt beverages levied under G.S. 105-113.80(a), twenty-  
6 three and three-fourths percent (23 3/4%);
- 7 (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), sixty-  
8 two percent (62%); and
- 9 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b), twenty-  
10 two percent (22%).

11 If malt beverages, unfortified wine, or fortified wine may be licensed to be sold at  
12 retail in both a county and a city located in the county, both the county and city shall  
13 receive a portion of the amount appropriated, that portion to be determined on the basis  
14 of population. If one of these beverages may be licensed to be sold at retail in a city  
15 located in a county in which the sale of the beverage is otherwise prohibited, only the  
16 city shall receive a portion of the amount appropriated, that portion to be determined on  
17 the basis of population. The amount of the appropriation to be distributed under  
18 subdivisions (1), (2), and (3) shall be computed separately.

19 (b) Reduction in Appropriation. – Where the sale of malt beverages, unfortified  
20 wine, or fortified wine is prohibited in a defined area of a city or county in which the  
21 sale of the beverage is authorized, the amount that would otherwise be appropriated to  
22 the city or county on the basis of population under subsection (a) shall be reduced in the  
23 same ratio that the area of the defined area bears to the total area of the city or county,  
24 unless the defined area is a city. If the defined area in a county is a city, the reduction in  
25 the amount that would otherwise be appropriated to the county under subsection (a)  
26 shall be based on population instead of area.

27 (c) Exception. – Notwithstanding subsection (a), in a county in which ABC stores  
28 have been established by petition, the amount appropriated shall be distributed as  
29 though the entire county had approved the retail sale of a beverage whose retail sale is  
30 authorized in part of the county.

31 (d) Time. – The appropriation shall be distributed to cities and counties within 60  
32 days after September 30 of each year.

33 (e) Population Estimates. – To determine the population of a city or county for  
34 purposes of the distribution required by this section, the Secretary shall use the most  
35 recent annual estimate of population certified by the State Budget Officer.

36 (f) City Defined. – As used in this section, the term 'city' means a city as defined  
37 in G.S. 153A-1(1) or an urban service district defined by the governing body of a  
38 consolidated city-county.

39 (g) Use of Funds. – Funds appropriated to a county or city under this section may  
40 be used for any public purpose.

41 ~~(h) Act.—The appropriation made by this section shall be included in the Current  
42 Operations Appropriations Act."~~

43 (c) G.S. 105-116(d) reads as rewritten:

1       "(d) Appropriation. There is annually appropriated from the General Fund to each  
2 municipality an amount that equals three and nine hundredths percent (3.09%) of the  
3 taxable gross receipts derived, from ~~April 1 of the preceding fiscal year to the following~~  
4 ~~March 31, April 1, 1990, to March 31, 1991,~~ by an electric power company and a natural  
5 gas company from sales within the municipality of the commodities and services  
6 described in subsection (a). The Secretary of Revenue shall transfer the amount  
7 appropriated to a municipality in quarterly installments on or before September 15,  
8 December 15, March 15, and June 15 ~~based on~~ in proportion to the taxable gross receipts  
9 derived within the municipality during the preceding calendar quarter. If a company's  
10 report does not state the company's taxable gross receipts derived within a municipality,  
11 the Secretary of Revenue shall determine a practical method of allocating part of the  
12 company's taxable gross receipts to the municipality. Before transferring the amount  
13 appropriated by this subsection, the Secretary of Revenue shall certify the amount to be  
14 transferred distributed to the State Controller. ~~The appropriation made by this subsection~~  
15 ~~shall be included in the Current Operations Appropriations Act.~~

16       As used in this subsection, the term 'municipality' includes an urban service district  
17 defined by the governing board of a consolidated city-county. The amount due an urban  
18 service district shall be distributed to the governing board of the consolidated city-  
19 county."

20       (d) G.S. 105-120(c) reads as rewritten:

21       "(c) Appropriation. There is annually appropriated from the General Fund to each  
22 municipality an amount that equals three and nine hundredths percent (3.09%) of the  
23 taxable gross receipts derived, from ~~April 1 of the preceding fiscal year to the following~~  
24 ~~March 31, April 1, 1990, to March 31, 1991,~~ from local telecommunications service  
25 provided within the municipality. The Secretary of Revenue shall transfer the amount  
26 appropriated to a municipality in quarterly installments on or before September 15,  
27 December 15, March 15, and June 15 ~~based on~~ in proportion to the taxable gross receipts  
28 derived within the municipality during the preceding calendar quarter. If a company's  
29 report does not state the company's taxable gross receipts derived within a municipality,  
30 the Secretary of Revenue shall determine a practical method of allocating part of the  
31 company's taxable gross receipts to the municipality. Before transferring the amount  
32 appropriated by this subsection, the Secretary of Revenue shall certify the amount to be  
33 transferred to the State Controller. ~~The appropriation made by this subsection shall be~~  
34 ~~included in the Current Operations Appropriations Act.~~

35       As used in this subsection, the term 'municipality' includes an urban service district  
36 defined by the governing board of a consolidated city-county. The amount due an urban  
37 service district shall be distributed to the governing board of the consolidated city-  
38 county."

39       (e) G.S. 105-164.44C reads as rewritten:

40       "**§ 105-164.44C. Reimbursement for sales taxes on food stamp foods and**  
41       **supplemental foods.**

42       ~~As soon as practicable after July 1 of each year, the Secretary shall determine from~~  
43 ~~available information~~ There is annually appropriated to each county and the cities in the  
44 county an amount equal to the amount of local sales taxes that would have been

1 collected in each the county during the ~~preceding~~ 1989-90 fiscal year on foods purchased  
 2 with food stamp coupons or supplemental food instruments in the county, had these  
 3 foods not been exempt from tax under G.S. 105-164.13(38). The Secretary shall ~~then~~  
 4 distribute the amounts determined to be due each county between the county and the  
 5 cities located in the county in accordance with the method by which local sales and use  
 6 taxes are distributed in that county. In order to pay for the reimbursement under this  
 7 section and the cost to the Department of Revenue for administering the reimbursement,  
 8 the Secretary of Revenue shall draw from the Local Government ~~Tax-Reimbursement~~  
 9 and Tax Sharing Reserve an amount equal to the amount of the reimbursement and the  
 10 cost of administration."

11 (f) G.S. 105-198 reads as rewritten:

12 **"§ 105-198. Intangible personal property.**

13 The intangible personal properties enumerated and defined in this Article are  
 14 classified under authority of Section 2(2), Article V of the North Carolina Constitution.  
 15 The taxes are levied for the purposes stated in this ~~Article-Subchapter.~~"

16 (g) G.S. 105-213 reads as rewritten:

17 **"§ 105-213. Appropriation to counties and municipalities; use of appropriation.**

18 (a) There is annually appropriated from the General Fund to counties and  
 19 municipalities the net amount of revenue collected under this Article during the  
 20 ~~preceding~~ 1989-90 fiscal year, plus an amount equal to forty percent (40%) of the tax  
 21 collected on accounts receivable during the ~~preceding~~ 1989-90 fiscal year and less an  
 22 amount equal to the costs during the preceding fiscal year of:

- 23 (1) Refunds made during the fiscal year of taxes levied under this Article.
- 24 (2) The Department of Revenue to collect and administer the taxes levied  
 25 under this Article.
- 26 (3) The Department of Revenue in performing the duties imposed by  
 27 Article 15 of this Chapter.
- 28 (4) The Property Tax Commission.
- 29 (5) The Institute of Government in operating a training program in  
 30 property tax appraisal and assessment.

31 The appropriation shall be distributed by August 30 of each year. ~~The appropriation~~  
 32 ~~shall be included in the Current Operations Appropriations Act.~~

33 The appropriation shall be allocated among the counties in proportion to the amount  
 34 of taxes collected under this Article in each county during the preceding fiscal year. ~~To~~  
 35 ~~distribute the appropriation, the~~ The Secretary of Revenue shall keep a separate record by  
 36 counties of the taxes collected under this Article and shall certify to the State Controller and  
 37 to the State Treasurer the amount to be distributed to each county and municipality in the State.  
 38 ~~The State Controller shall then issue a warrant on the State Treasurer to each county and~~  
 39 ~~municipality in the amount certified.~~ Article. The Secretary shall allocate the amount  
 40 appropriated under this ~~Article-section~~ to the counties according to the county in which  
 41 the taxes were collected. ~~The Secretary shall then increase the amount allocable to each~~  
 42 ~~county by a sum equal to forty percent (40%) of the amount of tax on accounts receivable~~  
 43 ~~allocated to the county on the basis of collections.~~ The amounts so allocated to each county  
 44 shall in turn be ~~divided~~ allocated between the county and the municipalities in the county

1 in proportion to the total amount of ad valorem taxes levied by each during the fiscal  
2 year preceding the distribution. After making these allocations, the Secretary of  
3 Revenue shall certify to the State Controller and to the State Treasurer the amount to be  
4 distributed to each county and municipality in the State. The State Controller shall then  
5 issue a warrant on the State Treasurer to each county and municipality in the amount  
6 certified.

7 For the purpose of computing the distribution of the intangibles tax to any county  
8 and the municipalities located in the county for any year with respect to which the  
9 property valuation of a public service company is the subject of an appeal pursuant to  
10 the provisions of the Machinery Act, or to applicable provisions of federal law, and the  
11 Department of Revenue is restrained by operation of law or by a court of competent  
12 jurisdiction from certifying such valuation to the county and municipalities therein, the  
13 Department shall use the last property valuation of such public service company which  
14 has been so certified in order to determine the ad valorem tax levies applicable to such  
15 public service company in the county and the municipalities therein.

16 The chairman of each board of county commissioners and the mayor of each  
17 municipality shall report to the Secretary of Revenue information requested by the  
18 Secretary to enable the Secretary to ~~distribute~~allocate the amount appropriated by this  
19 section. If a county or municipality fails to make a requested report within the time  
20 allowed, the Secretary may disregard the county or municipality in ~~distributing~~allocating  
21 the amount appropriated by this section. The amount distributed to each county and  
22 municipality shall be used by the county or municipality in proportion to property tax  
23 levies made by it for the various funds and activities of the county or municipality,  
24 unless the county or municipality has pledged the amount to be distributed to it under  
25 this section in payment of a loan agreement with the North Carolina Solid Waste  
26 Management Capital Projects Financing Agency. A county or municipality that has  
27 pledged amounts distributed under this section in payment of a loan agreement with the  
28 Agency may apply the amount the loan agreement requires.

29 (b) For purposes of this section, the term 'municipality' includes any urban  
30 service district defined by the governing board of a consolidated city-county, and the  
31 amounts due thereby shall be distributed to the government of the consolidated city-  
32 county."

33 (h) G.S. 105-213.1 reads as rewritten:

34 **"§ 105-213.1. Additional appropriation to counties and municipalities.**

35 (a) Appropriation. – As soon as practicable after July 1 of 1986, the Secretary of  
36 Revenue shall allocate for distribution to each county and the municipalities located in  
37 the county the amount allocated to that county from taxes levied under G.S. 105-199,  
38 105-200, and 105-205 for the last taxable year in which these taxes were levied, plus or  
39 minus a sum that equals the product of this amount and the percentage by which State  
40 disposable personal income has increased or decreased during the most recent 12-month  
41 period for which State personal income data has been compiled by the Bureau of  
42 Economic Analysis of the United States Department of Commerce.

43 Thereafter, by August 30 of ~~each year, 1987, 1988, 1989, and 1990,~~ the Secretary  
44 shall allocate to each county the amount of funds allocated to the county under this

1 section the preceding year, plus or minus a sum that equals the product of this amount  
2 and the percentage by which State disposable personal income has increased or  
3 decreased during the most recent 12-month period for which State personal income data  
4 has been compiled by the Bureau of Economic Analysis of the United States  
5 Department of Commerce.

6 Thereafter, by August 30 of each year, the Secretary shall allocate to each county the  
7 amount of funds allocated to the county under this section in 1990.

8 Amounts allocated to a county under this section shall in turn be divided and  
9 distributed between the county and the municipalities located in the county in  
10 accordance with the method of allocating intangible tax revenue between a county and  
11 the municipalities located in the county provided in G.S. 105-213.

12 (b) Restrictions on Use. – Amounts distributed to a county or a municipality  
13 under this section are subject to the same restrictions as amounts distributed under G.S.  
14 105-213.

15 (c) Municipality Defined. – As used in this section, the term 'municipality' has  
16 the same meaning as in G.S. 105-213.

17 (d) Source. – Funds distributed under this section shall be drawn from the Local  
18 Government ~~Tax~~-Reimbursement and Tax Sharing Reserve."

19 (i) G.S. 105-275.1(e) reads as rewritten:

20 "(e) Source of Funds. – To pay for the distribution required by this section and the  
21 cost to the Department of Revenue of making the distribution, the Secretary of Revenue  
22 shall draw from the Local Government ~~Tax~~-Reimbursement and Tax Sharing Reserve an  
23 amount equal to the amount distributed and the cost of making the distribution."

24 (j) G.S. 105-277A(b) reads as rewritten:

25 "(b) First Per Capita Distribution. – As soon as practicable after January 1 of  
26 1989, the Secretary shall distribute to each taxing unit the unit's per capita share of the  
27 sum of fifteen million seven hundred forty-five thousand dollars (\$15,745,000).  
28 Thereafter, as soon as practicable after January 1 of ~~each year~~ 1990 and 1991, the  
29 Secretary shall distribute to each taxing unit the unit's per capita share of an amount  
30 equal to the sum distributed to all taxing units the previous year under this subsection  
31 plus or minus the product of the sum distributed the previous year and the percentage by  
32 which State personal income has increased or decreased during the most recent 12-  
33 month period for which State personal income data has been compiled by the Bureau of  
34 Economic Analysis of the United States Department of Commerce.

35 Thereafter, as soon as practicable after January 1 of each year the Secretary shall  
36 distribute to each taxing unit the unit's per capita share of the sum that this subsection  
37 provided was to be distributed to all taxing units in 1991.

38 To make the per capita distributions required by this subsection, the Secretary shall  
39 first allocate the sum to be distributed among the counties on a per capita basis. The  
40 Secretary shall then compute a per capita distributable amount for each county by  
41 dividing the amount allocated to a county by the total population of the county, plus the  
42 population of any incorporated towns and cities located in the county. Each taxing unit  
43 in a county, including the county itself, shall receive the product of the population of the  
44 taxing unit and the per capita distributable amount for that county.

1 A city or county that receives funds under this subsection and that collects taxes for  
2 another taxing unit shall distribute part of the taxes received by it to the taxing unit for  
3 which it collects tax. The distribution shall be made on the basis of the proportionate  
4 amount of ad valorem taxes levied, for the most recent fiscal year beginning July 1, by  
5 the city or county and by all the taxing units for which the city or county collects tax.  
6 This distribution shall be made as soon as practicable after a city or county receives  
7 funds from the State under this section."

8 (k) G.S. 105-277A(f) reads as rewritten:

9 "(f) Source of Funds. —~~The Secretary of Revenue shall~~ To pay for the distribution  
10 required by this section and the cost of making the ~~distribution as follows:~~

11 (1) ~~For the distribution made in 1989, the Secretary shall draw an amount~~  
12 ~~equal to the amount distributed and the cost of making the distribution~~  
13 ~~first from the Inventory Tax Reimbursement Fund created in Section~~  
14 ~~15.1 of the School Facilities Finance Act of 1987, until it is exhausted,~~  
15 ~~and then the remainder of that amount from collections received by the~~  
16 ~~Department under Division I of Article 4 of this Chapter.~~

17 (2) ~~For distributions made in subsequent years,~~  
18 distribution, the Secretary shall draw from the Local Government ~~Tax~~ Reimbursement  
19 and Tax Sharing Reserve ~~for the distribution required by this section~~ an amount equal to  
20 the amount distributed and the cost of making the distribution."

21 (l) G.S. 105-277.1A reads as rewritten:

22 "**§ 105-277.1A. Property classified for taxation at reduced valuation; duties of tax**  
23 **collectors; reimbursement of localities for portion of tax lost.**

24 (a) ~~On September 1 of each year, 1, 1990,~~ the tax collector of each county and the  
25 tax collector of each city shall furnish to the Secretary of Revenue a list containing the  
26 name and address of each person who has qualified in that year for the exemption  
27 provided in G.S. 105-277.1. The list shall also contain for each name the total amount  
28 of property exempted, the tax rate the property is subject to, and the product obtained by  
29 multiplying those two numbers by each other. The lists shall be accompanied by an  
30 affidavit attesting to the accuracy of the list, and shall all be on a form prescribed by the  
31 Secretary of Revenue.

32 (b) In addition to the list required by subsection (a) of this section, the county or  
33 city may provide a supplemental list on December 1.

34 (c) The Secretary of Revenue may, for cause, grant an extension for the  
35 submission of the list required by this section.

36 (d) ~~After receiving a certified list under subsections (a) through (c) of this section,~~  
37 Before May 31, 1991, the Secretary of Revenue ~~shall, within 60 days, pay~~ shall distribute  
38 to the county or city fifty percent (50%) of the total for the entire list of the product  
39 obtained by multiplying the tax exemption for each taxpayer times the applicable tax  
40 rate. Each year thereafter, on or before May 31, the Secretary of Revenue shall pay to  
41 each county and city that was entitled to receive a distribution under this section in 1991  
42 the amount it was entitled to receive in 1991.

43 (e) Any funds received by any county or city pursuant to this section because the  
44 county or city was collecting taxes for another unit of government or special district

1 shall be credited to the funds of that other unit or district in accordance with regulations  
2 issued by the Local Government Commission.

3 (f) In order to pay for the reimbursement under this section and the cost to the  
4 Department of Revenue ~~for~~of administering the reimbursement, the Secretary of  
5 Revenue shall draw from the Local Government ~~Tax-Reimbursement~~ and Tax Sharing  
6 Reserve an amount equal to the reimbursement and the cost of administration."

7 (m) This section becomes effective July 1, 1991.

8 Sec. 3. Except as otherwise provided, this act becomes effective July 1, 1991.  
9 This act becomes effective if and only if a subsequent act or acts become effective that  
10 raise sufficient revenue to balance the budget enacted in this act.